



Baldons and Nuneham Community Society Limited

Report of the Management Committee to the AGM in relation to the period to 24th March 2018

Details of the Society

Society Address

Yew Tree Cottage, Toot Baldon, Oxford, OX44 9NE

Core Purpose

The Baldons and Nuneham Community Society Limited (“BNCS”) is a Community Benefit Society established and managed by the community for the benefit of the Community of the Baldons and Nuneham Courtenay.

Committee

The current committee members are:

Phil Collins (Chair)^
Elizabeth Belcher
Fran Butler
Philip Gardner (Membership Secretary & Treasurer)^
Dave Greenaway^
Kevin Hutchinson
Robin Timms
Paul Torevell
Fiona Webster

^Committee members re-elected at the last election.

Phil Collins and Philip Gardner have decided to stand down from the committee. Based on the transitional rules, from the fourth AGM, committee members must stand down in rotation. It was agreed by the committee that the longest serving overall would stand down and so Robin Timms is also standing down but is standing for re-election. There will be an election of the management committee at the AGM. The committee invited anyone who wished to stand to identify themselves by Friday 22nd June. A secret ballot will take place at the AGM if required. Statements by all those standing will be available at the AGM.

It is the responsibility of the committee to oversee and have governance of the activity undertaken on behalf of the members of BNCS. There have been 7 ordinary meetings of the BNCS Committee in the current year.

Independent Financial Auditor

The auditor is Mercer Lewin of 41 Cornmarket, Oxford, OX1 3HA. Re-election of the auditors is one of the matters of business for the AGM. The Management Committee recommends the re-election of Mercer Lewin.

Structure, Aims & Objectives of the Society

BNCS was registered with the Financial Services Authority (“FSA”) on 10 December 2012. BNCS is a Community Benefit Society, a modern form of the historic Industrial and Provident Society. It has withdrawable shares and legal personality, and members have limited liability. The objectives of BNCS, as articulated in the Rules of BNCS, are to carry on any business for the benefit of the community and in particular by acquiring the freehold premises of the Seven Stars, to provide a venue for the community which:

- Promotes social gathering, employment and tourism;
- Provides facilities and services for the community
- Provides event facilities

The Rules of BNCS define its structure, management and operation. They are available on the website at www.bnctltd.com. Copies of the Rules are also available from any member of the committee. If you have any question about the Rules, please raise them with any member of the committee.

Overview of the Year’s Activities

Of particular note this year, has of course been the pub’s 5th anniversary under community ownership. This was celebrated with a very well attended birthday party at the end of March.

Throughout the year ongoing routine maintenance has taken place including yard paving at the rear of the pub, remedial roof repairs, repointing of some of the brickwork, and repair of a sash window. An extractor fan was installed in the kitchen. Quotes have been obtained for a generator but decisions on this are on hold for the time being, partly because of the reduced frequency of power cuts recently.

Also:

- July 2017 – implementation of online banking arrangements as agreed at 2017 AGM. These new arrangements have enabled streamlined handling of payments.
- September 2017 – BNCS hosted village social event at Seven Stars for villagers including current and potential shareholders. Shares documentation updated and leaflets were printed for this event.
- September 2017 – redevelopment of BNCS website with new domain name (bnctltd.com).

Trading

Trading of the Seven Stars in the year to 24th March 2017 was £731,435.68 (previous year £743,198.75) and therefore rent due to BNCS is £73,144 (previous year £74,320). Whilst this represents a marginal trading decline versus Year 4, taking aside some exceptional turnover items in the previous year, the like for like trading is +3.9% growth. The value of the asset, given the current strength of trading and continued enhancements to the fabric of the building is therefore expected to be significantly higher than the value at which it is carried in the accounts. The property is valued at the purchase value of £275,000 plus cost of these improvements. Buildings (but not land) are depreciated at 2% per year. The total value shown in the accounts is £427,623.

Shares

In Year 5 BNCS has raised an additional £21,068 in shares which comprises of £668 from share dividends of 2016/17 rolled up into share subscriptions and £20,400 in new share capital. No share capital was requested or repaid. This puts the current share capital at £192,872.

Community use and vision

Matt continues to fulfil the BNCS vision of providing a welcoming place for the community, serving good food and drink, and providing opportunities for villagers to meet and socialise.

Looking more widely, on TripAdvisor the Seven Stars is #17 out of 500 for restaurants in Oxford, which is in the top 5%, with 93% of the 477 reviews at Good or Excellent.

In terms of community use, as well as the Beer Festival on the Baldons feast weekend, the pub has been used for

- Several christenings, weddings, funerals and birthdays
- BNCS Social Event
- Pub Milestone 5th Birthday Party
- Safari Supper Desserts & Drinks
- Bonfire Night
- New Year's Eve Party
- Christmas Day Drinks for locals, including first drink supplied by Matt

Matt has provided catering for Bonfire Night, and held a milestone 5th birthday celebration for the pub at the end of March. Newspapers have continued to be supplied to villagers, and morning coffee and cake has been a welcome addition to the pub's offerings.

Matt continues to employ some local staff both front of house and in kitchen jobs.

To ensure that the village vision for the Seven Stars is kept alive, and to support continued growth in trading for the tenant to ensure income for BNCS, a periodic review with Matt has taken place.

That dialogue is ongoing throughout the year and involves discussion around business development ideas for the pub, as well as potential broader capital projects to ensure that the fabric of the building (BNCS Ltd major asset) is maintained to an acceptable level.

It is worth noting that, in common with many businesses in the Food Service sector and highlighted in the National Press, the past year has been much more challenging for Matt from a cost perspective.

Work place pensions, an increase in the minimum wage and significant increases in food costs have all led to pressure on the operating margin. We continue to work with Matt to monitor this closely and ensure we take appropriate steps to help where prudent.

Membership & Membership Strategy

There are currently 163 members.

Our core strategy regarding investment remains:

- To encourage existing shareholders to maintain or increase their investment.
- To generate new investment to replace any investment that may be withdrawn in future.
- In order to achieve the above, to maintain a competitive return on investment for existing and new members. During the period of the loan from David Harding, this is restricted to the amount, which is being paid under that loan (1.5% above base). This continues to be very competitive versus other investments of this scale.

Membership recruitment aims are:

- To inform new villagers about buying shares in the pub.
- To encourage greater engagement between the Seven Stars and the Baldons and Nuneham Courtenay community.

During 2017-18 we held a successful Village Social Event at the Seven Stars with the aim of attracting new members and encouraging more villagers to use the pub. The event was very well attended and subsequently we had investment from three new shareholders plus some additional subscriptions from existing shareholders.

A similar event is planned for September 2018.

We looked into developing a welcome pack for newcomers to the village, where we could include information for potential BNCS shareholders. However, the village website already contains the information which would be included in such a welcome pack so we resolved to ensure that BNCS information and links on the village website are kept up to date. The open share offer can be found on the BNCS website www.bnctltd.com.

We have continued to use the village e-mail facility to send out e-mails - for example about our Village Social Event to ensure this information reached non-shareholders as well as shareholders.

Finance Report

The audited accounts presented today show that the Society is in good health financially. Assuming trading of the Seven Stars continues to trade at the level that has now been achieved, we should expect to continue achieve similar results in the future.

The profit for the year was therefore £46,841 before paying Corporation Tax due of £9,743. Adjusting for the treatment of Fixtures & Equipment in 2016/17 (which had no impact on cash flow), the profit is £731 higher than last year.

In Year 5 the total amount of money raised from Share Subscriptions was £21,068.

In addition, rent plus interest and sundry sales generated £73,942. This includes the long-term release of the CIF grant at £799 per year.

There are full details included in the audited accounts, however £11,303 has been spent on repairs and maintenance, which includes a new extractor fan for the kitchen, repointing of brickwork and new yard paving.

Additionally, there have been other day to day running costs, capital and interest costs for the loan from David Harding as well as the allowance for interest on investors' share capital, and this makes up the rest of the expenditure.

As at 24th March 2018 the Society has £96,653 in cash, which together with the quarterly rental payments from the pub and any further share subscriptions, will be used to pay the running costs of BNCS, make the loan repayments and provide funds for future development. As at 31 May 2018, there was £99,907 cash in the bank.

The committee recommends the payment of interest on shares out of the trading surplus at a rate of 1.85% (i.e. 1.5% above base rate, blended based on a base rate of 0.5% and 0.25% for varying proportions of the year).

We are not inviting interest to be rolled up this year, and interest will be paid out following the AGM if approved. There will however be an option to rollup interest should a shareholder wish to.

Building Works

The building work that has been undertaken is listed on page 2, and above. Additionally we have recently arranged a picket fence for the boundary. Three competitive quotes are obtained for works undertaken and we are pleased that in most cases we have been able to award the work to local businesses.

Summary of Seven Stars Investor Feedback Autumn 2017

We again conducted a survey of investors and villagers, and are pleased to report that comments received are overwhelmingly positive. The Seven Stars team was recognised for its hard work and hospitality. In particular, Matt's leadership, professionalism and high standards were commended. The range of beers and gins and Sunday roasts are much appreciated. Whilst most visits to the pub are to partake of the food and drink, the social

events are also a draw for the majority of pub goers. Although many events were mentioned, the beer festival was a clear favourite.

The survey is conducted to facilitate reflection and provide insight into investor opinions regarding future directions. The majority of respondents are in favour of BNCS supporting initiatives outside the Seven Stars directly. Whilst most respondents thought the idea of a village shop attractive, concerns regarding the practicality and viability were raised and the committee will endeavour to balance any wider community projects with ensuring the profitability of the society. Many thanks to all who responded.

BNCS will continue to meet with Matt with a view to strengthening the Seven Stars offering against the community's original vision and to increase value to our shareholders.

We would like to take this opportunity to thank everyone who has contributed to making BNCS and most importantly the Seven Stars a success in this fifth year, and in advance for their on-going support.

The Management Committee
4th July 2018